

FY02 (PY01) Annual Report

Adult, Dislocated Worker and Youth Activities Workforce Investment Act of 1998, Title I-B

submitted by the
Commonwealth of Massachusetts

to the
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Employment and Training Administration

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WIA Title I-B Annual Report Form (ETA 9091)

A. Cost of workforce investment activities and effects on the performance of participants.

For state Fiscal Year 2002 (Program Year 2001), the Commonwealth of Massachusetts received a WIA Title I-B allotment of \$41,910,887. In addition, carry-in funds in the amount of \$9,944,323 were available for WIA Title I-B activities. Of the combined total of over \$51.8 million, approximately 80%, or \$41.7 million, had been expended by June 30, 2002. Of the remaining balance of \$10.1 million, \$4.7 million was already obligated as of June 30, 2002. The Commonwealth's end-of-year total of expenditures and obligations was, therefore, \$46.4 million, representing 90% of total availability, meeting and exceeding the WIA goal of 80%. Chart 1 on the following page shows availability and expenditure detail by program reporting categories.

With the end-of-year rescission, and the increased demand for services, Dislocated Worker local funds were almost entirely spent out (93% of availability). Adult funds were also spent at a faster rate than the previous program year at 88% of availability. Local Youth funds, due to more longer term contracts that cross the program years, were only expended at the 73% level, although 90% of all funding was either spent or obligated.

A review of program strategies and expenditures (see again Chart 1) shows that the majority of WIA Title I adult and dislocated worker participants are receiving education and/or occupational training, although at lower rates than JTPA. The overall cost per participant in the adult program (\$2,915) is much higher than that of the dislocated worker program (\$1,950). Title I adults are more likely to have significant barriers to employment, to have less work experience and to have lower levels of basic skills. About 70% of adult participants received some type of training and/or education service whereas about 55% of dislocated workers received training and education.

Based on WIA Plans, it is estimated that the cost per participant for adult individuals who received training services is \$3,575, about \$2,275 more on average than the cost for an individual receiving only core and intensive career center services (\$1,300). The investment in training services does result in these customers obtaining and retaining employment at a higher rate than that of customers receiving only core services. They also have a much higher rate of post-program earnings gain.

In calculating the cost for dislocated worker programs, it is possible to include with the WIA allocation estimates for some partner programs. In addition to Rapid Response additional assistance distributed to local areas, the majority of TAA/NAFTA training participants are co-enrolled in WIA Title I. An estimate of \$2.4 million from these programs was added to the \$9.3 million in Dislocated Worker expenditures to calculate the cost per participant on Chart 1. The cost for training participants is \$2,875, about \$1,925 more than the average for customers of core and intensive services only (\$950). As with adults, employment and earnings for training customers exceeds that of core services customers.

The average cost per youth participant increased to \$2,500. The difference in the costs for out-of-school (\$2,950) and in-school youth (\$2,275) actually narrowed from the previous program year. It appears that more in-school youth are being served in longer-term program sequences and less in short term programs such as summer employment.

Chart 1: WIA Title I-B Expenditures and Cost per Participant Ratios

Title I Expenditures (PY01 Allocation and Carry-In)					
Total All Fund Sources	Available	Expended	Pct	Balance Remaining	Balance Obligated
Adult Local Program	\$10,336,666	\$9,137,723	88%	\$1,198,943	\$508,377
<i>Carry in Monies (non add)</i>	<i>\$2,332,688</i>	<i>\$2,332,688</i>	<i>100%</i>	<i>\$0</i>	<i>\$0</i>
Dislocated Worker Local Program	\$10,093,196	\$9,338,995	93%	\$754,201	\$240,314
<i>Carry in Monies (non add)</i>	<i>\$1,526,574</i>	<i>\$1,526,574</i>	<i>100%</i>	<i>\$0</i>	<i>\$0</i>
Youth Local Program	\$15,196,096	\$11,162,223	73%	\$4,033,873	\$2,687,462
<i>Carry in Monies (non add)</i>	<i>\$2,952,201</i>	<i>\$2,952,201</i>	<i>100%</i>	<i>\$0</i>	<i>\$0</i>
Out-of-School Youth	NA	\$4,074,362	(37% of youth expenditures)		
In-School Youth	NA	\$7,087,861	(63% of youth expenditures)		
Summer Employment Opportunities	NA	\$3,324,555	(30% of youth expenditures)		
Local Administration Funds	\$3,887,739	\$2,940,218	76%	\$947,521	\$52,357
<i>Carry in Monies (non add)</i>	<i>\$686,130</i>	<i>\$686,130</i>	<i>100%</i>	<i>\$0</i>	<i>\$0</i>
Statewide Rapid Response Funds	\$4,503,482	\$3,457,799	77%	\$1,045,683	\$569,873
<i>Carry in Monies (non add)</i>	<i>\$849,894</i>	<i>\$689,947</i>	<i>81%</i>	<i>\$159,947</i>	<i>\$131,821</i>
Statewide 15% Activity Funds	\$7,838,031	\$5,670,352	72%	\$2,167,679	\$663,232
<i>Carry in Monies (non add)</i>	<i>\$1,596,834</i>	<i>\$1,195,896</i>	<i>75%</i>	<i>\$400,938</i>	<i>\$23,259</i>
Combined Totals	\$51,855,210	\$41,707,310	80%	\$10,147,900	\$4,721,615
<i>Carry in Monies (non add)</i>	<i>\$9,944,323</i>	<i>\$9,383,436</i>	<i>94%</i>	<i>\$560,887</i>	<i>\$155,080</i>

Costs per Participant					
Program Strategies	Total Participants	Cost per Participant	Entered Employment Rate	Retention at Six Months	Post-Pgm Earnings Gain
Adult Program	3,136	\$2,915	74.1%	80.0%	\$3,852
<i>Training/Education Services</i>	<i>2,224</i>	<i>\$3,575</i>	<i>75.8%</i>	<i>80.5%</i>	<i>\$4,416</i>
<i>Core/Intensive Services Only</i>	<i>912</i>	<i>\$1,300</i>	<i>71.7%</i>	<i>79.2%</i>	<i>\$2,992</i>
Dislocated Worker Program	5,916	\$1,950	78.8%	85.7%	88%
<i>Training/Education Services</i>	<i>3,236</i>	<i>\$2,875</i>	<i>81.7%</i>	<i>86.6%</i>	<i>90%</i>
<i>Core/Intensive Services Only</i>	<i>2,680</i>	<i>\$950</i>	<i>76.8%</i>	<i>85.1%</i>	<i>86%</i>
Youth Program	4,470	\$2,500	60.5%	63.1%	NA
<i>Out-of-School Youth</i>	<i>1,380</i>	<i>\$2,950</i>	<i>63.0%</i>	<i>64.5%</i>	<i>NA</i>
<i>In-School Youth</i>	<i>3,090</i>	<i>\$2,275</i>	<i>56.6%</i>	<i>62.6%</i>	<i>NA</i>

B. Description of State evaluations of workforce investment activities.

As planned, the Commonwealth of Massachusetts initiated during state FY02 (PY01) a series of initiatives to research and evaluate workforce investment activities. These initiatives were designed and implemented to explore and promote the efficiency and effectiveness of the statewide workforce investment system in improving the employability for job seekers and competitiveness for employers. This report will briefly summarize the results of FY02 evaluation studies and update progress regarding ongoing evaluation studies.

Questions Addressed by Evaluations

The Commonwealth Corporation placed great emphasis on designing outcome evaluation studies that would be able to provide -- over time -- answers to the following key questions of interest to customers and state, regional, and local policymakers and practitioners:

- What is the nature of the earnings growth trajectories of low-income adults, displaced workers, and welfare recipients? Do these earnings growth trajectories vary by selected individual background, workforce investment activity, vendor, and labor market characteristics?
- Does participation in (different types of) workforce investment activities explain the variation in earnings growth, controlling for selected individual background, service, vendor, and labor market characteristics?
- Do changes in earnings over time indicate that adults who participated in workforce investment activities move closer to economic self-sufficiency?

In FY02, a subset of these questions was chosen to design and test an exploratory study. Since Massachusetts UI earnings data were available for this type of evaluation work for the first time in FY02, a small-scale, exploratory or pilot study seemed sensible. This small study focused on displaced workers with special emphasis on immigrant laid off workers and what happened to their earnings pre-layoff, at layoff, and post-layoff and post-program. Through this study, as the results below indicate, it became possible to see if there were any associations between participation in workforce investment activities and labor market outcomes. It further allowed the Commonwealth Corporation to learn several important lessons regarding data management, cleaning, and analyses that have been incorporated into the design of larger FY03 studies currently underway.

Description of Evaluation Methodology

Data Sources: Outcome evaluations in FY02 consisted of secondary analyses that combined programmatic data on the JTPA and WIA Title I workforce investment activities of dislocated workers with quarterly UI earnings data – available through an agreement with the Division of Employment and Training - for pre-program and post-program periods. These data sources were used to create a person-period data set. It is this latter data set that was used to describe and explain earnings growth trajectories of laid off workers.

Analytic Sample: From the above data set, an analytic sample for the first study was created from JTPA Title III (dislocated worker) data for state program years 1998, 1999, and 2000 and WIA Title I data for program year 2001. Earnings data were used covering calendar quarters in the January 1, 1995-December 2001 period. Workers age 50+ were excluded from the sample because older workers tend to make different decisions about labor market participation than younger workers do. After data cleaning and after imposing the aforementioned constraints on the sample, approximately 1,100 immigrant, limited English proficient dislocated workers were included in the analysis. Almost 60% were women. Thirty percent received basic readjustment services (i.e., job search assistance) only. The remainder received training and/or education in addition to basic readjustment services.

Measures: Multi-wave, inflation adjusted quarterly earnings data (transformed into their natural logarithm) made up the outcome variable. Predictors included time, cohort, worker and family background, participation, vendor, and labor market/business cycle characteristics thought to be related to earnings.

Methods/Analytic Strategies: To describe earnings trajectories and explain variation in earnings within and between individuals over time, Generalized Least Squares Regressions was used to fit to the data a series of random effects earnings models and logit models to predict the probability of employment. Based on the FY02 pilot study, this analytic strategy has proven effective in explaining the variation in earnings growth – and employment - using multiple predictors thought to be related to employment and earnings. All analyses were conducted separately for men and women due to known gender-based differences in labor market participation decisions and patterns. Several sensitivity analyses (including, for instance, the fitting of fixed effects models) are being conducted to determine whether estimates of participation effects on employment and earnings are sensitive to outcome variable specifications and selection bias.

Findings

As planned, i.e., by the end of state FY2002 (PY01), the Commonwealth Corporation is hereby issuing a brief study summary highlighting the preliminary results of the first evaluation study. A full report including detailed final results will be prepared and released in state FY2003 (PY02).

The preliminary findings from the state FY02 (PY01) exploratory study are:

- UI quarterly earnings appear to be a viable outcome measure for studies that examine the earnings profiles of displaced workers. Matching rates (i.e., positive earnings in quarters for which an earnings record matching request was submitted based on Social Security Numbers) appeared high, particularly in the 4-6 quarters preceding and 4-6 quarters following lay off. This suggests that, at least for displaced workers, this outcome variable may be appropriate in determining the effects of participation in workforce investment activities on subsequent earnings. It is less clear whether this finding would hold for youth and low-income adults.
- The earnings trajectories of displaced workers reflect growth in the early pre-layoff period, begin to “dip” or gradually decline in the quarters leading up to layoff, drop drastically at layoff, recover slowly in the first few quarters following layoff, and seem to gradually increase after

approximately 18 months. It may be that laid off workers – both those who received training and/or education services and those who didn't – experience earnings growth after layoff that is not large enough to make up for earnings losses experienced at and immediately following layoff. These findings are consistent with previous studies of laid off workers.

- There appears to be a positive effect of both basic readjustment services and training on the likelihood of subsequent employment. In addition, it appears that the likelihood of employment of trainees is initially lower – due mostly to the fact that workers are in training – than the employment probability of workers who received basic readjustment services only. However, the likelihood of employment of those who received training seems to catch up with and eventually appears to exceed the likelihood of employment of those receiving basic readjustment services only.
- The effect of training and basic readjustment services on earnings is less clear at this stage of the study. While all workers certainly see their earnings grow in the post-layoff era, further sensitivity analyses are required to arrive at estimates of the effect of training on earnings. Some of the issues being examined are whether training effects:
 - are due to self-selection by workers and/or program/vendor selection bias,
 - are influenced by missing earnings data (e.g., currently there are no out-of-state data, tax-based earnings and self-employment income data, or household income possibly leading to underreporting) and how those data are treated (e.g., setting earnings in quarters with missing earnings data to zero); and
 - are influenced by the choice of comparison group(s),

Looking Ahead: Directions for Future Evaluation Studies

Looking ahead at next program year, the most immediate next step is to complete the sensitivity analyses and the final report of the pilot study and incorporate lessons learned in the analyses of broader samples of low-income adults, displaced workers, and welfare recipients. Simultaneously, obtaining access to UI earnings records from other states, as well as other sources of earnings data and associated data on hours worked would be advantageous, particularly if the interest of policymakers includes questions about whether training moves individuals closer to economic self-sufficiency. Also, assessing whether UI earnings records are workable outcome measures for youth, low-income adults, and welfare recipients needs to take place.

In addition, Massachusetts' SWIB will set additional research and evaluation priorities based on the *Core Performance Measures initially developed by a workgroup of the Governor's Task Force to Reform Adult Education and Worker Training*. This workgroup was responsible for identifying common outcome and process measures across workforce investment programs. These measures have now been accepted by all agencies and will become the foundation for the development of a system-wide accountability framework, report card, and research and evaluation agenda during the next year.

PY01 Title I Performance – Statewide Tables

The following section includes the required statewide tables on PY01 performance. This data has been entered into the USDOL on-line reporting system. Here is a brief overview of the results.

Customer Satisfaction (Table A): Results for both participants and employers increased as compared to PY00. While participant scores far exceed goal (78 vs. 71), results for employers continue to trail the participant scores and are slightly below goal (69 vs. 71).

Overall Adult (Table B): The entered employment and retention rates increased slightly over PY00 performance, although retention is below goal (80 vs. 81). These results could be improved by access to other states' wage records and by more consistent recording of supplemental employment data on the MOSES MIS. Both earnings change and credential rate had significant decreases from PY00. Earnings change appears to have been affected by the following. As the economy declined during the time period of these performance outcomes, post-program earnings have remained steady or slightly decreased; at the same time, more individuals are being served in Title I that have some level of pre-program earnings than was the situation under JTPA (underemployed, working poor, etc.). The result is that there is less improvement in earnings during the initial six-month retention period. Credential rate seems to have been impacted by both inconsistent MIS data entry and the lack of formal credentials for some ITA training courses. Finally, the processes for the use of wage record data are still being refined and enhanced and this may have impacted some results.

Overall Dislocated Workers (Table E): The results are similar to adults. While the entered employment and retention rates increased slightly over last year, retention is below goal. Earnings replacement and credential rates also decreased from PY00, and are below goal. Many, if not all, of the comments above seem to also apply to dislocated worker performance.

Overall Older Youth (Table H): Only the retention rate increased from PY01, although the entered employment rate still is above goal. As with adults and dislocated workers, both earnings change and credential rate had significant decreases and are both below goal. One unavoidable issue potentially affecting Older Youth results is the low number of exiters. There is great variation across WIBs, with some having only a few such exiters in a program year. It is reasonable to expect great volatility in these performance results, as has been pointed out by many other states as well.

Overall Younger Youth (Table J): The skill attainment and retention rates exceed their standards, with only the diploma attainment rate slightly below goal. While there was some decrease in the skill attainment rate (83% vs. 91%), this was an expected leveling off as goals set during the initial program year came due during PY01. There does also appear to be some room for improvement in the collection of youth performance information and its data entry into MOSES.

Summary: It does not appear that the statewide performance exceeded a significant number of the negotiated goals and most likely will not be eligible for a performance incentive award. In addition to reviewing service strategies as well as the data collection procedures mentioned above, the Commonwealth may need to review the basis of the current negotiated levels of performance. The earnings and credential standards may be set at too high a level given the current economic conditions.

Commonwealth of Massachusetts
WIA Title I-B Annual Report Form (ETA 9091)

Table A - Workforce Investment Act Customer Satisfaction Results

Customer Satisfaction	Negotiated Performance Level	Actual Performance Level - American Customer Satisfaction Index	Number of Completed Surveys	Number of Customers Eligible for the Survey	Number of Customers Included in the Sample	Response Rate
Participants	71	78.0	1736	6893	2577	67.4%
Employers	71	68.6	1545	5831	2390	64.6%

Table B - Adult Program Results At-A-Glance

	Negotiated Performance Level	Actual Performance Level	
Entered Employment Rate	72%	74.1%	880
			1188
Employment Retention Rate	81%	80.0%	919
			1149
Earnings Change in Six Months	\$3,800	\$3,852	\$3,959,938
			1028
Employment And Credential Rate	60%	55.3%	499
			902

Table C - Outcomes for Adult Special Populations

Reported Information	Public Assistance Recipients Receiving Intensive or Training Services		Veterans		Individuals With Disabilities		Older Individuals	
Entered Employment Rate	72.4%	352	73.3%	33	57.3%	63	65.1%	41
		486		45		110		63
Employment Retention Rate	77.5%	323	80.6%	29	78.9%	56	89.1%	49
		417		36		71		55
Earnings Change in Six Months	\$4,701	\$1,673,570	\$5,855	\$193,203	\$3,391	\$210,264	\$1,247	\$64,833
		356		33		62		52
Employment And Credential Rate	56.6%	206	66.7%	20	51.4%	36	36.2%	17
		364		30		70		47

Table D - Other Outcome Information for the Adult Program

Reported Information	Individuals Who Received Training Services		Individuals Who Received Only Core and Intensive Services	
Entered Employment Rate	75.8%	528	71.7%	352
		697		491
Employment Retention Rate	80.5%	568	79.2%	351
		706		443
Earnings Change in Six Months	\$4,416	\$2,742,238	\$2,992	\$1,217,700
		621		407

Table E - Dislocated Worker Program Results At-A-Glance

	Negotiated Performance Level	Actual Performance Level	
Entered Employment Rate	78%	78.8%	2258
			2865
Employment Retention Rate	88%	85.7%	1936
			2258
Earnings Replacement in Six Months	93%	87.6%	\$25,232,641
			\$28,791,039
Employment And Credential Rate	60%	55.7%	653
			1173

Table F - Outcomes for Dislocated Worker Special Populations

Reported Information	Veterans		Individuals With Disabilities		Older Individuals		Displaced Homemakers	
Entered Employment Rate	71.9%	166	75.3%	61	70.0%	289	75.0%	9
		231		81		413		12
Employment Retention Rate	83.7%	139	73.8%	45	83.4%	241	77.8%	7
		166		61		289		9
Earnings Replacement Rate	83.1%	\$2,124,382	77.9%	\$511,693	76.3%	\$3,030,637	182.9%	\$59,419
		\$2,557,480		\$657,138		\$3,971,341		\$32,484
Employment And Credential Rate	60.0%	51	69.6%	16	53.5%	76	30.0%	3
		85		23		142		10

Table G - Other Outcome Information for the Dislocated Worker Program

Reported Information	Individuals Who Received Training Services		Individuals Who Received Only Core and Intensive Services	
Entered Employment Rate	81.7%	958	76.8%	1300
		1173		1692
Employment Retention Rate	86.6%	830	85.1%	1106
		958		1300
Earnings Replacement Rate	89.5%	\$10,638,994	86.4%	\$14,593,647
		\$11,893,453		\$16,897,586

Table H - Older Youth Results At-A-Glance

	Negotiated Performance Level	Actual Performance Level	
Entered Employment Rate	64%	65.8%	125
			190
Employment Retention Rate	78%	77.6%	114
			147
Earnings Change in Six Months	\$3,250	\$2,630	\$328,877
			125
Credential Rate	50%	41.9%	93
			222

Table I - Outcomes for Older Youth Special Populations

Reported Information	Public Assistance Recipients		Veterans		Individuals With Disabilities		Out-of-School Youth	
Entered Employment	63.7%	58	0.0%	0	63.2%	24	68.7%	92
		91		0		38		134
Employment Retention Rate	74.2%	49	0.0%	0	92.3%	17	75.5%	83
		665		0		23		110
Earnings Change in Six	\$3,763	\$206,965	\$0	\$0	\$1,523	\$38,067	\$2,867	\$260,880
		55		0		25		91
Credential Rate	45.5%	45	0.0%	0	27.5%	11	42.8%	68
		99		0		40		159

Table J - Younger Youth Results At-A-Glance

	Negotiated Performance Level	Actual Performance Level	
Skill Attainment Rate	73%	83.4%	4123
			4942
Diploma or Equivalent Attainment Rate	56%	54.2%	306
			565
Retention Rate	55%	61.8%	338
			547

Table K - Outcomes for Younger Youth Special Populations

Reported Information	Public Assistance Recipients		Individuals With Disabilities		Out-of-School Youth	
Skill Attainment Rate	70.4%	374	80.0%	437	67.9%	317
		531		546		467
Diploma or Equivalent Attainment Rate	52.9%	64	60.4%	64	40.8%	104
		121		106		255
Retention Rate	54.9%	78	66.7%	50	48.6%	138
		142		75		284

Table L - Other Reported Information

	12 Month Employment Retention Rate		12 Mo. Earnings Change (Adults and Older Youth) or 12 Mo. Earnings Replacement (Dislocated Workers)		Placements for Participants in Nontraditional Employment		Wages At Entry Into Employment For Those Individuals Who Entered Unsubsidized Employment		Entry Into Unsubsidized Employment Related to the Training Received of Those Who Completed Training Services	
Adults	76.6%	881	\$3,215	\$3,442,910	62.5%	550	\$4,133	\$3,306,237	29.5%	207
		1150		1071		880		800		701
Dislocated Workers	78.2%	1638	86.4%	\$24,652,225	37.8%	853	\$6,441	\$13,829,726	15.1%	145
		2095		\$28,521,569		2258		2147		958
Older Youth	64.5%	151	\$1,639	\$354,030	24.8%	31	\$2,476	\$274,878	NA	NA
		234		216		125		111		NA

Table M - Participation Levels

	Total Participants Served	Total Exiters
Adults	3,136	1,814
Dislocated Workers	5,916	3,346
Older Youth	590	249
Younger Youth	3,880	1,606

Table N - Cost of Program Activities

Program Activity (PY01 & Carry-Over)			Total Federal Spending
Local Adults			\$9,137,723
Local Dislocated Workers			\$9,338,995
Local Youth			\$11,162,223
Rapid Response (up to 25%) §134 (a) (2) (A)			\$3,457,799
Statewide Required Activities (Up to 15%) §134 (a) (2) (B)			\$3,501,292
Statewide Allowable Activities §134 (a) (3)	Program Activity Description	Providing capacity building to local areas.	\$506,031
		Conducting research and/or demonstration projects.	\$211,416
		Support for identification of eligible training providers.	\$112,201
Total of All Federal Spending Listed Above			\$37,427,680